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Public Utility Commission of Texas

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DOCKET FILE COPY ORIGINAL

Robert W. Gee
Chairman

Karl R. Rábago
Commissioner

Sarah Goodfriend
Commissioner

February 23, 1994

Mr. William F. Caton
Secretary
Federal Communications Commission
Room 222
1919 M. Street NW
Washington, D.C. 20554

RECEIVED
FEB 28 1994

FCC - RAIL ROAD

RE: CC Docket No. 93-292, In the Matter of Policies and Rules concerning
Toll Fraud.

Dear Mr. Caton:

Enclosed for filing are two copies each of the Public Utility Commission of Texas' letters to the three Commissioners regarding Toll Fraud, CC Docket No. 93-292.

Thank you for your assistance.

Sincerely,


Rowland L. Curry, P.E.

Director
Telephone Utility Analysis Division

enclosures

No. of Copies rec'd 05
List ABCDE



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Ex Parte

Chairman Reed Hundt
Federal Communications Commission
1919 M. Street, N.W., Room 814
Washington, D.C. 20544

FEB 28 1994

FCC-1994-01

RE: CC Docket No. 93-292, In the Matter of Policies and Rules concerning Toll Fraud.

Dear Chairman Hundt:

Early in 1991, the Public Utility Commission of Texas (Texas PUC) pioneered the policy of assigning liability for payphone fraud. Later, many other states, including Florida, adopted policies similar to that originally developed in Texas. The Texas PUC wishes to be on record in this proceeding as supporting the Florida Public Service Commission (Florida PSC) recommendation to hold carriers accountable for the services they provide and to assign liability for fraud based on the ability to control the fraud.

In 1991, the Texas PUC expressed its concern regarding the potential for fraud in the Operator Services rulemaking proceeding, CC Docket No. 91-35. At that time, the Texas PUC recommended that the Federal Communications Commission (FCC) adopt a solution to the fraud problem similar to the solution adopted in Texas. Understandably, the Federal Communications Commission (FCC) declined to adopt fraud regulations at that time because to do so would have been beyond the scope of the Operator Services proceeding. The Texas PUC applauds the FCC for now examining this critical issue.

The Texas/Florida regulations recognize the shifting liability for payphone fraud associated with operator-assisted calls. These regulations codify the shift in liability and offer relief to payphone providers, who have heretofore been saddled unfairly with liability for fraud occurring at their phones. (A copy of the relevant Texas regulations is attached. See subsection (f).)

Payphone providers are responsible for ordering the necessary local exchange company (LEC)-provided outgoing and incoming call screening services. These screening services provide interexchange carriers (IXCs) and LECs with information so that calls are not fraudulently billed to the payphone provider's line. Once the payphone provider subscribes to these services, liability passes to the LEC. The LEC must ensure that the service is installed and that the equipment functions properly on an ongoing basis. When the screening information is properly passed to the IXC or LEC handling the operator-assisted call, liability also passes. At that point, the IXC or LEC handling the call must have proper procedures in place to ensure that the call is not charged to the payphone provider's line.

Action by the FCC regarding payphone fraud is necessary. In late 1991, the Texas PUC attempted to informally resolve a complaint between a payphone provider and

Chairman Hundt
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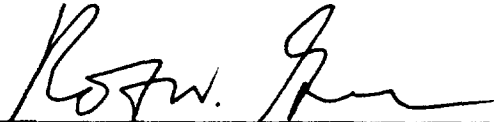
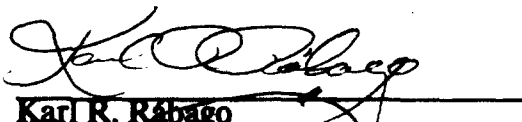

AT&T. Part of the complaint involved collect calls from Mexico City. AT&T refused to accept responsibility for the toll fraud. AT&T's first argument was that the Texas PUC had no jurisdiction because the calls involved were international. Second, even if the Texas PUC had jurisdiction, AT&T argued that the complaint was without merit because an AT&T operator did not handle the calls in question. Rather, a foreign country international operator handled the calls. The Texas PUC rejected AT&T's explanation, but was never successful in resolving the complaint because of the jurisdiction question.

Interexchange carriers enter into contractual arrangements with foreign governments to provide direct access to their networks. These interexchange carriers have the capability and responsibility to ensure that the contracts contain appropriate procedures to prevent fraud from occurring. Instead, the carriers allow the fraud to occur and hold the payphone owners responsible. This is unacceptable. The FCC must hold the interexchange carriers accountable for fraud that occurs on international collect and third number-billed calls coming in on their networks. The Texas/Florida regulations set forth a proper framework for appropriately assigning liability for this and other types of fraud.

The Texas PUC continues to believe its (and Florida's) regulations regarding fraud liability are fair. Because the Texas/Florida regulations assign liability to the party with the responsibility and capability for preventing the fraud, they serve as an incentive to prevent fraud from occurring.

Thank you for your consideration of these comments. Two copies of this letter have been submitted to the Secretary of the Commission.

Sincerely,


Robert W. Gee
Chairman
Karl R. Rabago
Commissioner
Sarah Goodfriend
Commissioner

attachment

§23.54 Private Pay Telephone Service.

- (a) **Definitions.** The following words and terms, when used in this section, shall have the following meanings unless the context clearly indicates otherwise:
- (1) **Private Pay Telephone** - Any coin, coinless, credit card reader, or cordless instrument that is accessible by members of the general public, or business patrons, employees, and/or visitors of the premises owner or lessee where private pay telephone service is installed, provided that the end user pays for local or toll calls from such instrument on a per call basis. For purposes of this section, coinless telephones provided in guest rooms by a hotel/motel are not private pay telephones. A telephone that is primarily used by business patrons, employees, and/or visitors of the local exchange carrier customer is not a private pay telephone if:
 - (A) the primary use of such telephone is for local calls or toll-free "1-800" calls;
 - (B) all local calls and "1-800" calls from such telephone are free to the end user; and
 - (C) the telephone is not accessible by members of the general public.
 - (2) **Operator Service** - Any service using live operator or automated operator functions for the handling of telephone service, such as toll calling via collect, third number billing, and calling card services. The transmission of 800 numbers, where the called party has arranged to be billed, is not operator service.
 - (3) **Operator Service Provider (OSP)** - Any person or entity that provides operator services by using either live or automated operator functions. When more than one entity is involved in processing an operator service call, the party setting the rates shall be considered to be the OSP. However, subscribers to customer-owned pay telephone service shall not be deemed to be OSPs.
 - (4) **Rate Information** - All charges ultimately charged to the end user by the private pay telephone provider, including any surcharges, fees, and any other form of compensation charged by the private pay telephone provider on behalf of the call aggregator.
 - (5) **"0+" call** - A call made by the caller dialing the digit "0" followed by the terminating telephone number. On some automated call equipment, a digit or digits may be dialed between the "0" and the terminating telephone number.
 - (6) **"0-" call** - A call made by the caller dialing the digit "0" and no other digits within five seconds. A "0-" call may be made after a digit (or digits) to access the local network is (are) dialed.
 - (7) **Automatic Number Identification (ANI)** - The automatic transmission by the local switching system of the originating telephone number to an interexchange or other communications carrier or to the operator of a 911 system.
 - (8) **Originating Line Screening (OLS)** - A two digit code passed by the local switching system with the ANI at the beginning of a call that provides information about the originating line.
 - (9) **End User Choice** - A system that allows the automatic routing of interexchange, operator-assisted calls to the billed party's chosen carrier without the use of access codes.
 - (10) **Call Aggregator** - Any person or entity that owns or otherwise controls telephones intended to be utilized by the public. For the purposes of this definition, a person or entity controls a telephone if that person or entity has the authority to post notices and/or unblock access.
- (b) **Available upon request.** Upon formal request for service by any prospective private pay telephone provider, a local exchange carrier is required to file a tariff providing for interconnection of private pay telephones, except as otherwise provided in subsection (l) of this section.
- (c) **Initial filing requirements.** Unless otherwise provided in this section, when a local exchange carrier makes its initial filing to offer private pay telephone service the application must include the proposed tariff, a surrogate cost study based on the traffic sensitive and nontraffic sensitive costs of providing interconnection to the local exchange carrier network, and supporting explanation.
- (d) **Requirements for connection of private pay telephone by local exchange carriers.** A tariff filed by a local exchange carrier to offer private pay telephonic service must include the requirements set forth in this subsection.
- (1) **Information to be provided at the private pay telephone set.**
 - (A) The private pay telephone provider must attach to each instrument a card that provides:

- (i) instructions in English and Spanish for accessing emergency service subject to the conditions contained in subclauses (I) and (II) of this clause:
 - (I) where 911 emergency service is available, the caller must be instructed to dial 911 and the private pay telephone provider must allow 911 calls to be outpulsed directly to the Public Service Answering Point at no charge and without requiring a coin or credit card; or
 - (II) where 911 is not available, the caller must be instructed to dial "0" and dialing "0" must, at no charge and without requiring a coin or credit card, directly connect the caller either with the local exchange carrier operator serving the exchange from which the call is made or with an OSP that is in compliance with the requirements of §23.55(g)(2)(A)-(F) of this title (relating to Operator Services);
 - (ii) instructions for use, including specifically instructions for: completion of local and toll calls, access to operator services, access to directory assistance, obtaining refunds, obtaining repair service, registering complaints at a designated toll-free telephone number, reporting out-of-service conditions, and using one-way calling (if the instrument is so equipped); and
 - (iii) notice identifying the set as a private pay telephone, stating the name, address, and 10 digit telephone number for the private pay telephone owner or agent providing the set, and providing the name and toll-free telephone number of the owner or agent responsible for refunds and repairs.
- (B) If the private pay telephone provider uses automated call completion technology to complete operator service calls, the private pay telephone provider must also attach to each instrument a card that provides:
- (i) the name of the private pay telephone provider, indicating that the private pay telephone provider is the provider of operator services;
 - (ii) a statement that rate information is available, 24 hours a day, seven days a week at no charge;
 - (iii) instructions for obtaining rate information;
 - (iv) instructions for accessing the "local exchange carrier operator"; and
 - (v) a notice that states, "You may use another long distance carrier if that carrier serves this area. Follow your carrier's instructions, or contact the local exchange carrier operator for assistance."
- (C) If the private pay telephone provider uses automated call completion technology to complete operator service calls, and if the private pay telephone provider's average intrastate charge (which includes all charges ultimately charged to the end user, including surcharges, fees and any other form of compensation charged by the private pay telephone provider on behalf of the call aggregator) exceeds 115% of the average intrastate charge of a dominant carrier, the private pay telephone provider must also attach to the telephone set a notice that legibly and conspicuously states in capital letters: CHARGES FOR (insert private pay telephone provider's name)'s OPERATOR SERVICES ARE NOT REGULATED. For the purposes of this subparagraph, the private pay telephone provider's average intrastate charge exceeds 115% of the average intrastate charge of a dominant carrier if the requirements of §23.55(d)(2)(A)-(D) are not met. The private pay telephone provider is considered to be the OSP for the purpose of determining if the requirements of §23.55(d)(2)(A)-(D) are met.
- (D) If the private pay telephone provider subscribes to the services of an OSP that is required to comply with §23.55, the private pay telephone provider remains liable for compliance with this paragraph, but may coordinate with the OSP so that information to be provided at the private pay telephone set is not duplicated. If the private pay telephone provider uses automated call completion technology to complete some operator service calls and subscribes to the services of an OSP that is required to comply with §23.55, the private pay telephone provider must ensure that the information provided at the private pay telephone set clearly informs the caller regarding which information applies to which operator service calls.

- (E) The requirements of this paragraph do not apply to private pay telephones accessible to inmates of confinement facilities.
- (F) If a private pay telephone cannot receive incoming calls, the private pay telephone provider shall place in a conspicuous location on the pay telephone a notice, in letters one-quarter inch high, stating, "THIS TELEPHONE CANNOT RECEIVE TELEPHONE CALLS." Furthermore, the private pay telephone provider shall not display on the set the number of the private pay telephone set not able to receive incoming calls.
 - (i) Subparagraph (F) of this paragraph takes effect for all newly installed private pay telephones on September 1, 1993.
 - (ii) For all private pay telephones in service prior to September 1, 1993, subparagraph (F) of this paragraph takes effect on January 1, 1994.
- (2) Requirements before call is completed. If the private pay telephone provider uses automated call completion technology to complete operator service calls, the private pay telephone provider must:
 - (A) audibly and distinctly identify itself to the caller upon answering;
 - (B) audibly and distinctly identify itself to the billed party, if the billed party is different from the caller;
 - (C) provide a mechanism for the caller to obtain rate information, without charge, 24 hours a day, seven days a week; and
 - (D) permit the caller or billed party to terminate the call at no charge prior to completion of the call by the private pay telephone provider.
- (3) 911 calls, "0-" calls, and end user choice.
 - (A) The private pay telephone provider must allow 911 calls to be outpulsed directly to the Public Service Answering Point at no charge and without requiring a coin or credit card.
 - (B) Where End User Choice, as herein defined, is not available, the private pay telephone provider must allow "0-" calls, and must directly route, without charge to the calling party, all "0-" calls either to the local exchange carrier operator serving the exchange from which the call is made or to an OSP that provides access to emergency service providers and that meets the requirements set forth in §23.55(g)(2)(A)-(F).
 - (C) When and where available, use of End User Choice, as herein defined, is required.
 - (D) The requirements of this paragraph do not apply to private pay telephones accessible to inmates of confinement facilities.
- (4) Access.
 - (A) The private pay telephone provider must:
 - (i) provide access to operator services, which access must be available 24 hours a day, seven days a week, at no charge and without requiring a coin or credit card;
 - (ii) provide access to directory assistance to the same extent as access to directory assistance is provided by the local exchange carrier from public pay telephones; and
 - (iii) provide access to the local exchange carrier operator serving the exchange from which the call is made, at no charge and without requiring a coin or credit card, either:
 - (I) by directly routing all "0-" calls to the local exchange carrier operator, without charge to the caller; or
 - (II) by transfer or redirection of the call by an OSP in accordance with the provisions of §23.55(i)(1)(A)(ii)(I)-(III).
 - (B) The private pay telephone provider must also allow access to other telecommunications utilities unless otherwise provided in clause (ii) of this subparagraph.
 - (i) The access required by this subparagraph must be provided subject to the conditions contained in subclauses (I) and (II) of this clause.
 - (I) Access to interexchange carriers by "950-XXXX" and "1-800" numbers must not be blocked.
 - (II) Access to interexchange carriers by "10XXX+0" (whether "10XXX+0+" or "10XXX+0-") dialing must not be blocked if the end office serving the originating line has originating line screening capability.

- (ii) The following generic waivers of the access requirement are required to prevent fraudulent use. An application under subsection (e) of this section is not required for any generic waiver granted by subclauses (I) or (II) of this clause.
 - (I) Access to interexchange carriers by "10XXX+0" (whether "10XXX+0+" or "10XXX+0-") dialing may be blocked if the end office serving the originating line does not have originating line screening capability.
 - (II) Access to interexchange carriers by "10XXX+1" dialing may be blocked.
 - (C) The requirements of this paragraph do not apply to private pay telephones accessible to inmates of confinement facilities.
- (5) **Charges.**
 - (A) The private pay telephone provider must:
 - (i) charge for directory assistance calls that are handled by the local exchange carrier at the same price as the local exchange carrier charges end users at its public pay telephones;
 - (ii) not impose a total charge for a local call that is an amount greater than the rate charged for a local call placed from a public or semi-public pay telephone in the same exchange, except this clause does not apply to local operator service calls, as defined in subsection (a)(2) of this section; and
 - (iii) not impose a charge for "950-XXXX" calls, "1-800" calls, or "10XXX+0" calls.
 - (B) The requirements of this paragraph do not apply to private pay telephones accessible to inmates of confinement facilities.
- (6) **Other.**
 - (A) The private pay telephone provider must:
 - (i) ensure that end users can place all local and toll calls, except direct dialed international calls, from the private pay telephone - including, but not limited to, operator-assisted international calls, collect calls, third number billed calls, and calling card calls;
 - (ii) be responsible for the payment of charges for all local and toll messages, including, but not limited to, non-local exchange carrier-handled directory assistance charges originating from or accepted at this type of service, except as provided in subsection (f) of this section;
 - (iii) comply with all applicable federal, state and local laws and regulations including those concerning the use of private pay telephones by disabled and/or hearing- or speech-impaired persons;
 - (iv) not attach extension telephones to private pay telephones; and
 - (v) not impose a time limit on local calls.
 - (B) If the private pay telephone provider uses automated call completion technology to complete operator service calls, and if validation information is available for calls that the private pay telephone provider (or a third-party billing and collection agent operating on behalf of the private pay telephone provider) will bill through the local exchange carrier, the private pay telephone provider is required to validate the call and is allowed to submit the call for billing only if the call was validated.
 - (C) Private pay telephone service cannot be connected to, from, or through any customer-provided telecommunications switching system, or local exchange carrier-provided central office based PBX-type switching system.
 - (D) The requirements of subparagraph (A)(i) and (v) of this paragraph do not apply to private pay telephones accessible to inmates of confinement facilities.
- (e) **Applications for modification of information to be provided at the private pay telephone set and for waivers of the requirement for access.**
 - (1) The commission may approve applications for modification of the requirements contained in subsection (d)(1)(B) and (C) of this section upon showing of good cause. Applications for modification may be filed by the private pay telephone provider. The commission shall process applications for modification using the criteria and procedures set forth in §23.55(d)(4).

- (2) The commission may approve waivers to the access requirements of subsection (d)(4)(B) of this section to prevent fraudulent use of telephone services or for other good cause. Applications for waiver may be filed by the private pay telephone provider. The commission shall process such applications for waiver using the criteria and procedures set forth in §23.55(i)(3)(B).

(f) Fraud protection.

- (1) Notwithstanding the provision of §23.55(i)(1)(C)(ii) that would otherwise require notice to interexchange carriers, an OSP must not bill the private pay telephone provider for charges for calls billed to a private pay telephone line where the call(s) originated at that private pay telephone by use of "10XXX+0", "10XXX+01", "990-XXXX", or "1-800" access codes, or where the call(s) originated at that private pay telephone and otherwise reached an operator position, if the originating telephone line was subscribed to outgoing call screening, and the call was placed after the effective due date of the outgoing call screening service order.
- (2) An OSP or private pay telephone provider that uses automated call completion technology to complete operator service calls must not bill charges for any collect or third number billed call to the private pay telephone provider if the private pay telephone line to which the call was billed was subscribed to incoming call screening and the call was placed after the effective due date of the incoming call screening service order.
- (3) Any calls billed through the local exchange carrier in violation of paragraphs (1) and (2) of this subsection must be removed from the private pay telephone provider's bill by the local exchange carrier upon identification. Upon investigation by the local exchange carrier serving the exchange where the call was billed, if it is determined that the appropriate incoming or outgoing call screening was available to the OSP or private pay telephone provider that uses automated call completion technology to complete operator service calls at the time of the call, the local exchange carrier may return the charges for the call billed in violation of paragraph (1) or (2) of this subsection to the OSP or private pay telephone provider that uses automated call completion technology to complete operator service calls as unbillable.
- (4) Any calls billed directly by an OSP or private pay telephone provider that uses automated call completion technology to complete operator service calls in violation of paragraph (1) or (2) of this subsection must be removed from the private pay telephone provider's bill by the OSP or private pay telephone provider that uses automated call completion technology to complete operator service calls upon identification. The OSP or private pay telephone provider that uses automated call completion technology to complete operator service calls may request an investigation of such a call by the local exchange carrier serving the exchange where the call was billed. Upon investigation by the local exchange carrier, if it is determined that the appropriate incoming or outgoing call screening was not available to the OSP or private pay telephone provider that uses automated call completion technology to complete operator service calls at the time of the call, the OSP or private pay telephone provider that uses automated call completion technology to complete operator service calls may bill the charges for the call billed in violation of paragraph (1) or (2) of this subsection to the local exchange carrier serving the exchange where such a call was billed.

(g) Local exchange carrier responsibilities.

- (1) A listing in the local telephone directory must be provided to the private pay telephone provider on request.
- (2) Access for private pay telephone providers must be available in all exchanges.
- (3) Incoming and outgoing call screening must be provided where facilities are available.
- (4) Regardless of whether call screening is available, the local exchange carrier will not bill any call, including, but not limited to, third number billed, collect, "0+" or "0-" calls, to a number which has been clearly identified to the local exchange carrier operator at the time of the call attempt as a private pay telephone. The local exchange carrier will not be responsible for refunds or adjustments of charges for calls placed through non-local exchange carrier operators, except as provided in subsection (f) of this section.
- (5) The local exchange carrier shall not initiate a maintenance service call or take any other action in response to a trouble report on a private pay telephone until such time as requested by the private

pay telephone owner or its agent. The private pay telephone owner must keep the local exchange carrier advised of the identity of the private pay telephone owner or agent authorized to request a maintenance service call.

- (6) Local exchange carrier provided directory assistance service must be provided to private pay telephone providers on the same prices, terms and conditions that the local exchange carrier provides such service to the end user of its public pay telephones, except the local exchange carrier will not be required to provide such service to private pay telephones accessible to inmates of confinement facilities.
 - (7) The local exchange carrier must provide to private pay telephone providers who use automated call completion technology to complete operator service calls the same services and information that the local exchange carrier provides to interexchange carriers in §23.55(j)(1) and (2), on the same prices, terms, and conditions that the local exchange carrier provides such services and information to any interexchange carrier.
 - (8) By June 1, 1991, local exchange carriers must file tariffs to offer direct dialed international call blocking ("011+" and "10XXX+011+") where facilities are available.
 - (9) Each local exchange carrier with more than 100,000 access lines in Texas must file a report with the commission by June 1, 1991 that describes in detail how the local exchange carrier can provide two additional central office blocking options: all direct dialed calls ("1+", "011+", "10XXX+1+", and "10XXX+011+"); and direct dialed calls using "10XXX" ("10XXX+1+" and "10XXX+011+"). The report must detail the incremental costs (including recurring and nonrecurring) of providing the service. The report must describe how the service will be technically provided. The report must be filed in the Central Records Office of the commission, and a copy must be delivered to the Director of the Telephone Utility Analysis Division.
- (h) **Violation of regulations.** If a private pay telephone provider is in violation of a tariff provision, the local exchange carrier must notify the private pay telephone provider of the violation in writing. Such notice must refer to the specific tariff provisions being violated. The notice must state that the private pay telephone provider is subject to disconnection by the local exchange carrier of the instrument(s) in violation of the tariff unless the private pay telephone provider corrects the violation and notifies the local exchange carrier in writing, within 20 days of receipt of the notice of the violation, that the violation has been corrected. The local exchange carrier may disconnect the instrument(s) that are in violation of the tariff on or after the 20th day after receipt of the notice by the private pay telephone provider, if the private pay telephone provider did not notify the local exchange carrier in writing within 20 days of receipt of the notice that the violation was corrected. However, if the private pay telephone provider has filed a complaint with the commission regarding the disconnection and has provided the local exchange carrier with a copy of the complaint that indicates that the complaint has been filed with the commission's complaint office, within 20 days of receipt of the notice of a violation from the local exchange carrier, the local exchange carrier may not disconnect the instrument(s) pending resolution of the complaint by the commission.
- (i) **Rate structure.** Local exchange carrier rates must be designed on a flat access line and a local message usage rate basis. Multi-element measured rates are prohibited. In areas without measuring capabilities, the local exchange carrier may use a flat rate usage surrogate instead of a per call message rate. Measurement capabilities are defined as the capability in place to measure and bill private pay telephone usage without incurring unreasonable expense.
- (j) **Cost studies.** Rates for private pay telephone service provided by a local exchange carrier that performs cost separations studies must be based on the cost of providing the service, plus contribution.
- (1) In the absence of actual cost data, the initial application for approval of a private pay telephone service must include a surrogate cost calculation based on the local exchange carrier's nontraffic sensitive and traffic sensitive costs of providing the service.
 - (2) A local exchange carrier must commence tracking actual costs of providing private pay telephone service and local exchange carrier-provided public pay telephone service after the 50th private pay telephone access line has received service, unless otherwise provided in this subsection. Cooperatives are exempt from filing private pay telephone and local exchange carrier-provided

public pay telephone tracking reports. The local exchange carrier must report actual costs to the commission on a quarterly basis. This report must be filed in the Central Records Office of the commission, and a copy must be delivered to the Director of the Telephone Utility Analysis Division. This report must include the following:

- (A) revenues and expenses associated with the provision of each element of private pay telephone service, including, but not limited to, access line, per message charge, and local exchange carrier-provided incoming or outgoing call screening, and revenues and expenses associated with the provision of each element of local exchange carrier-provided public pay telephone service;
 - (B) the number of private pay telephones and the number of local exchange carrier-provided public pay telephones installed;
 - (C) the number of local exchange carrier-provided public pay telephones displaced; and
 - (D) the average number of calls placed from private pay telephones in areas with measuring capabilities and the average number of calls placed from local exchange carrier-provided public pay telephones in areas with measuring capabilities.
- (3) Cost studies based on its tracking reports must be included in any general rate case filed by a local exchange carrier after its obligation to commence tracking begins. These cost studies must include cost and revenue information necessary to design rates based on actual costs plus contribution.
- (k) **Average schedule local exchange carriers.** Rates for private pay telephone service provided by an average schedule local exchange carrier must be based on the average private pay telephone rates of four similarly-situated local exchange carriers.
- (l) **Special assembly tariffs.** A local exchange carrier with less than 50 private pay telephone lines may provide private pay telephone service pursuant to existing special assembly tariffs; however, in no event may a local exchange carrier provide private pay telephone service to more than three special assembly arrangements. Special assembly rates must be computed in accordance with this section. Local exchange carriers that provide private pay telephone service pursuant to special assembly tariffs must enter into a written agreement with the private pay telephone provider that requires the private pay telephone provider's private pay telephones to perform all functions and obligations specified in subsection (d) of this section.
- (m) **Compliance.** All local exchange carriers must file revised tariffs in compliance with this section within 45 days of the effective date of this section, or of any amendments thereto. The compliance tariffs will be reviewed by the Telephone Utility Analysis Division. Within 35 days of the date of filing of the report, the Hearings Division shall either approve the tariff or suspend the effective date of the tariff for further review.
- (n) **Severability.** If any provision of this section or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of this section that can be given effect without the invalid provision or application. It is the intent of the commission that the provisions of this section are severable.